



Audits & Risk Management Committee

Item Number 6a – Open Session

Subject: Audits and Risk Management Committee Charter – First Reading

Presenter(s): Cheryl Cervantes Dietz and Julie Underwood

Item Type: Information

Date & Time: May 1, 2024 – 10 minutes

Attachment(s): Attachment 1 – Audits and Risk Management Committee Charter – Redlined Version

Attachment 2 – Audits and Risk Management Committee Charter – Clean Version

PowerPoint(s): Audits and Risk Management Committee Charter Revision Highlights

Item Purpose

The purpose of this item is to provide a first reading of proposed updates to the Audits and Risk Management (ARM) Committee Charter.

Recommendation

Staff recommends that the ARM Committee consider the proposed updates to the ARM Committee Charter. Staff will incorporate feedback from the ARM Committee into the charter and bring it back for a second reading in September unless the ARM Committee decides to approve the recommended charter at this meeting.

Executive Summary

As the regulatory landscape evolves and organizational priorities shift, it is necessary to ensure the charter addresses recent standards, practices, and expectations. As such, the charter is periodically reviewed and updated to assist the ARM Committee in fulfilling its fiduciary oversight responsibilities for financial reporting, risk management framework, internal controls, compliance, and internal and external audits.

The ARM Committee Charter was last updated in May 2019. Periodic review and update of the charter allows for clarification of roles and responsibilities and alignment with current internal audit standards, leading practices, regulatory requirements, and organizational objectives. Broadly, the proposed updates address recently released *Global Internal Audit Standards* which replaced the 2017 *International Standards for the Professional Practice of Internal Auditing*. Additionally, the updates refine the ARM Committee’s responsibilities over Enterprise Risk Management and Enterprise Compliance Services. The proposed changes to the charter are depicted in Attachment 1 and a clean version is provided in Attachment 2.

Strategic Plan Linkage: [Strategic Plan - CalSTRS](#)

Board Policy Linkage: [Board Governance Manual: Section 3 – Audits and Risk Management Committee Charter](#)
